

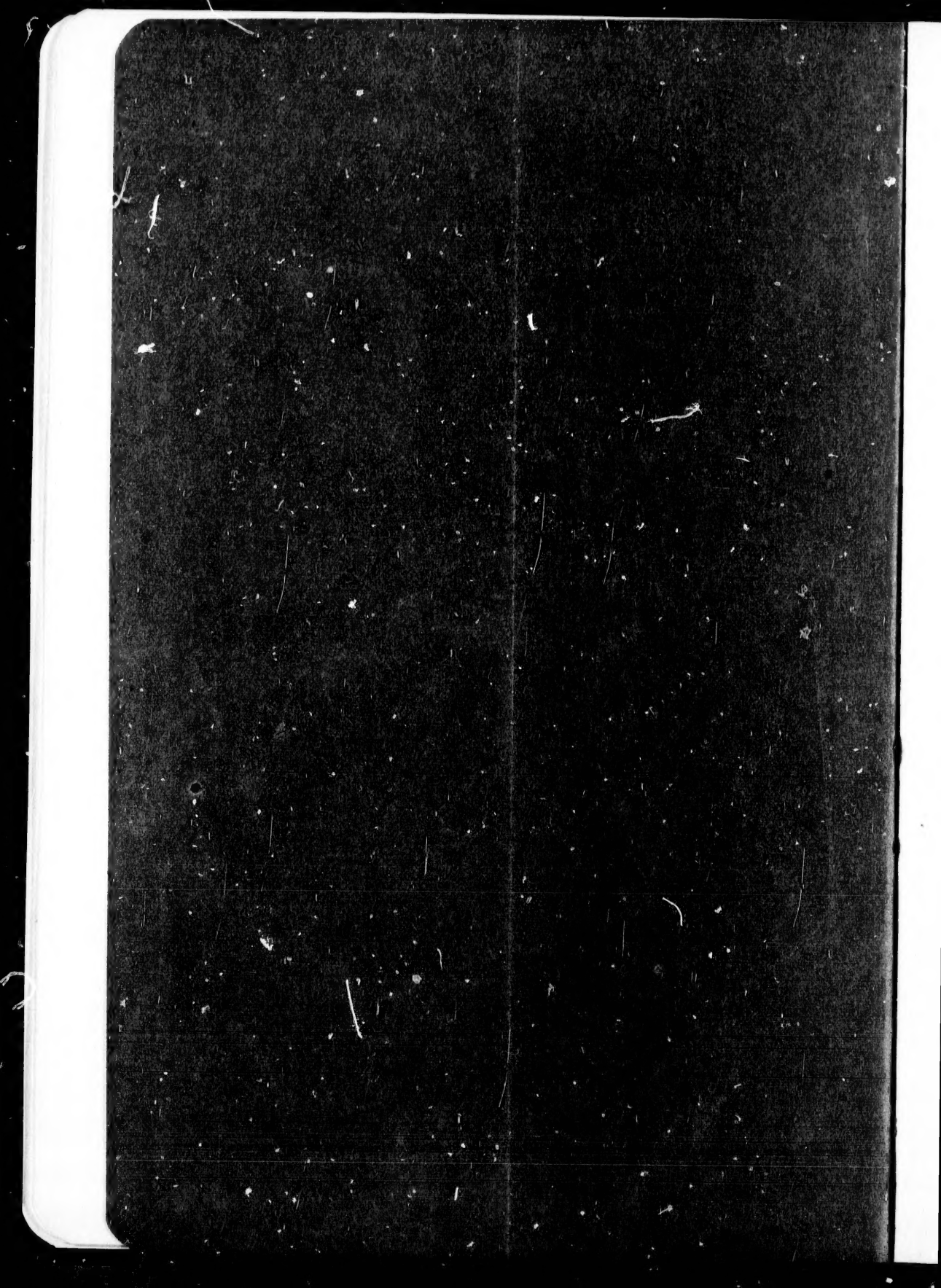
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# SPEECH

BY THE

HON. D. L. MACPHERSON

ON THE

BILL TO INCORPORATE

THE PACIFIC RAILWAY COMPANY.

IN THE SENATE,

OTTAWA, MONDAY, FEB. 14, 1881.

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# CANADIAN PACIFIC RAILWAY.

## SPEECH

BY THE

HON. D. L. MACPHERSON,

SPEAKER OF THE SENATE.

Hon. Sir ALEX. CAMPBELL moved the House into Committee of the Whole, on Bill (37) "An Act respecting the Canadian Pacific Railway."

Hon. Sir ALEX. CAMPBELL moved the adoption of the first clause.

The SPEAKER (Mr. MACPHERSON) — I desire to address the House upon this question. It was my intention to have done so on the second reading of the Bill, but I did not wish to take the floor from any other gentleman, and, by the close of the debate, the evening was so far advanced that I thought I would best consult the convenience of hon. gentlemen if I postponed what I had to say to this stage of the Bill; and while it is rather contrary to rule to discuss the principle of a bill it was the intention of that Government to use the water stretches between Lake Superior and the Red River, and with that view they commenced the Fort Frances Lock. After a time that work was discontinued. The construction of the Lake Superior and Red River section however was continued, and its two ends, each of 113 miles, were placed under contract. Hon. gentlemen, such was the state of

the Canadian Pacific Railway when the present Government succeeded to power, and were required to frame a policy for that great enterprise. They determined to cancel the contract for the Georgian Bay Branch. They proceeded with the Pembina Branch, which had been placed under contract by their predecessors, but on which, after the roadbed had been constructed, the work was suspended because the American line had not been brought up to the boundary, and therefore Mr. Mackenzie did not see fit to finish that branch until there should be the prospect of a connection with the lines to the south. Whether good policy or not, the work was suspended, but was resumed after a time, and was finished by the present Government. This Government also felt bound to complete the section between Lake Superior and Red River, and they accordingly placed the middle section of 185 miles under contract. They also placed under contract a section of 126 miles in British Columbia. In their opinion the country was committed and pledged to proceed with the railway in that Province — a work to which the very truth of the country was plighted at



the time British Columbia entered the Dominion; and when Mr. Mackenzie succeeded to power he entered into negotiations with British Columbia which resulted in the adoption of what is known as the Carnarvon Terms; and his Government, I may say, affixed anew the seal of Canada to the treaty with British Columbia. The works which are constructed and under contract between Lake Superior and the Red River are estimated to cost, when completed, \$15,048,000, exclusive of surveys and equipment. The section placed under contract in British Columbia — let on tenders called for by Mr. Mackenzie's Government — is estimated to cost \$7,950,000. Miscellaneous items may be added to the extent of \$1,000,000, which will make these works — that is the Pembina Branch, the Lake Superior and Red River Section, and the British Columbia Section — cost \$24,000,000, exclusive of equipment and surveys. Now, hon. gentlemen, this is a very large expenditure, and it is an expenditure to which the present Government, when it succeeded to power, found the country irrevocably committed, and it became their duty to see how it could be utilized — how it could be turned to profitable account for the country. The section between Lake Superior and Red River was of course constructed for the purpose of affording an outlet for the trade of the prairies, and a way in for settlers, and for giving improved communication generally between this portion of Canada and our North-West Territories. But while that section was proceeded with no progress was made with the railway across the prairies themselves, so that, while a very large expenditure had been incurred upon it by our predecessors, no progress had been made by them in opening up and peopling the prairies themselves. The present Government felt it necessary that that should be promptly done, as, until it was done, the Lake Superior and Red River section would be almost useless. And when the prairies are opened up with railways, the Lake Superior and Red River section will afford but a very inadequate outlet for the trade of the North-West. It will only be a summer line, operated during the months of navigation, and I think that Lake Superior is only open from five

to six months. Even if the Sault Canal should be open for six months or longer, Superior is a stormy lake, and the risk and the cost of insurance against risk will be such as to prevent its being used for more than from five to six months. Owners of produce, who are sending it forward to meet drafts maturing in Montreal or New York, will not like to expose it to the risk of delay, or possibly of wintering on Lake Superior. The Lake Superior and Red River section, therefore, will afford, when completed, but inadequate communication for the trade of the prairies. That section is really a part of the eastern section of the Canadian Pacific Railway, extending from the Red River to Lake Nipissing, and touching Lake Superior at Thunder Bay. Until that section is finished throughout and connected with the existing system of Canadian railways near Lake Nipissing the communication with the prairies will be inadequate, and the trade even during the summer months will be largely diverted to the United States routes, and away altogether from Canadian channels. While Lake Superior is open that route will be useful for the purpose of carrying immigrants into the North-West, but it will afford a very inadequate service. For these reasons, hon. gentlemen, the completion of what I shall call the eastern section — that is, the section from the Red River to Callendar Station, on the Canada Central Railway, near Lake Nipissing — became a national necessity. It has been admitted by all who have taken part in the debate in this House, that the extension of the line across the prairies was a matter of primary necessity, and one of the first things done by the present Government was to commence to build the railway over the prairies. Second only to that in importance at this late day is the completion of the eastern section, commenced by our predecessors, and of which 410 miles will be finished next year. It became a very important question whether these works should be carried on by the Government or through the instrumentality of a company. If constructed by the Government, they must be paid for wholly in cash. The cost of these works — that is of the line from Red River to Kamloops, and from Lake

Superior to Lake Nipissing -- would not have been less than \$50,000,000. I say from Red River to Kamloops because I have no doubt whatever, and I am sure hon. gentlemen will agree with me, that if the Government built the line across the prairies as far as Edmonton they would be constrained to proceed with it until they connected it with the British Columbia line at Kamloops; therefore an expenditure of \$50,000,000 had to be contemplated; and I say again, that it became the duty of the Government to consider whether the railway should be constructed as a Government work and paid for wholly out of the public exchequer, paid for wholly out of the pockets of the present taxpayers of the Dominion, or whether they should invite the co-operation of a company who might be induced to take part of the consideration -- part of the cost of constructing and operating the railway -- in land. Now, this is the shape in which the question presented itself to my mind, and I say here, that I had no hesitation whatever in deciding which I considered most for the advantage of this country. It would have been a most serious responsibility to have entered upon an expenditure which must have amounted to not less than \$50,000,000 in a comparatively few years. It would have involved a very large addition to the Dominion debt, which already has attained to large proportions. It would have placed a heavier burden than would have been judicious upon the taxpayers of the country. Well, hon. gentlemen, the Government resolved to seek the assistance of a company which would take part of the consideration in land for building the Pacific Railway and for operating it for ten years after its completion. I believe, hon. gentlemen, that an overwhelming majority of the people of this country are of the opinion now that that decision was a wise one. I believe that in a very few years those who think otherwise now will entertain different views; that they will agree then with those from whom they differ at this moment. The Canadian Pacific Railway will be largely for the benefit of posterity. It will take ten years to complete it, and the country will necessarily take a long time to settle; so that it is perfectly true to say that it is mainly for

the benefit of posterity. I was anxious, therefore, that as large a portion as possible of its cost should be cast upon posterity. Whatever cash is paid out of the exchequer of this country is withdrawn directly from the coffers of the taxpayers, and from employment in the industries of the Dominion. The operating of this railway is guaranteed for twenty years by the contract, and no one pretends to say that for some years the operating will not involve loss. I hope, for the sake of the contractors and for the sake of the country, that that loss may be small. If it should be small, that fact will be the best evidence we could have that the country will have benefited enormously from the construction of the railway. But whether the amount be large or small it will have to be borne by the Syndicate or Company, and not by the taxpayers, as would be the case if the railway were to be built and operated by the Government. The effect of the Government arrangement is to pay for twenty-five millions of dollars' worth with land which has no present value, and to save the taxpayers \$25,000,000 of money. The Syndicate has undertaken to perform work that will cost \$50,000,000, for which the country will only pay \$25,000,000 in cash. One half the cost will be paid in land which has no present value, and which will derive its future value from the expenditure of the Syndicate. Their expenditure will also confer great value on the Government land and cause it to yield much more than enough to recoup the whole expenditure of the country. This contract has been compared with previous contracts and previous offers so frequently and ably that I shall allude to them in the briefest possible way. The contract which is now upon our table proposes to give the works that have cost the country \$28,000,000, and a cash subsidy of \$25,000,000 (in all \$53,000,000), and a land subsidy of 25,000,000 acres, which for the purpose of calculation I shall estimate at \$1 per acre, representing \$25,000,000, and making altogether \$78,000,000. The Allan contract was for \$30,000,000 cash, and 54,700,000 acres, including 4,700,000 acres for branches, which at the same rate of \$1 per acre, gives \$54,700,000, making altogether \$84,700,000. Mr. Mackenzie's terms were, cash \$10,-



000 per mile, which, calling the distance 2,726 miles, this would amount to \$27,260,000. I estimate the sum on which Mr. Mackenzie would have been willing to pay 4 per cent. per annum for 25 years as equal to \$5,000 per mile, or \$13,630,000, making the cash subsidy \$40,890,000. Then the land subsidy of 20,000 acres per mile, or 54,520,000 acres for the entire distance, which, at \$1 per acre, would amount to \$54,520,000, making altogether in cash and land, \$95,410,000. It will be seen from these figures that the terms offered by the late Government were really more liberal than the contract made with Sir Hugh Allan, and there is a very obvious reason for that. The Allan contract, which has been spoken of here and elsewhere as a model contract, really came to nothing. Sir Hugh Allan and his associates in the undertaking did not succeed in floating the company. The presumption is that it fell through because the terms which Sir Hugh obtained from the Government were not sufficiently liberal in the opinion of the capitalists of Europe; and Mr. Mackenzie might feel justified in offering better terms, so that if a company entered into contract with his Government, that company would be pretty certain to succeed. But it will be seen that the most favorable of all the contracts which have been concluded or offered is the one which now lies upon our table — estimating the land, as I have done in every instance, at \$1 per acre — and the higher the price put upon the land the more favorably will this contract compare with the others. Now let us see what this country is really offering to give to the Syndicate under this contract. It is proposed to give in lands and money \$53,000,000; assuming the whole distance from Lake Nipissing to the Pacific Ocean at 2,726 miles, the cash subsidy amounts to only \$19,443 per mile for the whole distance, including what has been expended by the Government; the land subsidy, on the same basis, will give 9,170 acres, making altogether — estimating the land at \$1 per acre — \$28,713 per mile.

Hon. Mr. SCOTT — But the Syndicate do not build the whole of it.

The SPEAKER — I am showing what the whole cost of the road will be. The

cost of the portions built and to be built by the Government will be \$28,000,000, and the Syndicate are to receive for the portion that they are to build \$25,000,000. The two together make \$53,000,000, so that the expenditure in cash by the country — and that is the point I want to make clear — will only be \$19,443 per mile. Now, there are very few gentlemen in this House who have not, at one time or another, made estimates for themselves of what this road would probably cost. They have seen many estimates, some of them made by the Government engineers, and they have made their own calculations. Now, I ask them to endeavor to recall these estimates, and to say if they ever put the cost as low as it is under this contract — namely, \$19,443 in cash, supplemented by a subsidy in land of 9,170 acres per mile?

Hon. Mr. HAYTHORNE — That includes the whole line.

The SPEAKER — Yes, the whole line of 2,726 miles, the whole line from Lake Nipissing to the Pacific Ocean, including the guarantee for operating the road for ten years after its completion — that is for twenty years from now. I may observe that each section of railway as it is completed is to be run; that is part of the guarantee.

Hon. Mr. DEVER — Of course you do not include surveys in that estimate?

The SPEAKER — No. The cost of surveys has been withdrawn from this, because it included the survey of the country for other purposes. The Syndicate have to build 2,000 miles, and they are to receive for that in cash \$25,000,000, and I must remind the House that out of this \$25,000,000 they will have to expend \$2,500,000 to equip the portions of the road built and building by the Government; so that the real cash subsidy which they are to receive as applicable to the building of the road is only \$22,500,000; or, on the 2,000 miles, \$11,250 per mile. The Government has agreed to pay the Syndicate \$25,000,000, and it is that amount, and that amount only, that will be a burden on the taxpayers of the country. Now, I ask hon. gentlemen, considering the work to be done, con-

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sidering the 650 miles of railway which the Syndicate are to build north of Lake Superior, and the portion of the road that they are to construct in the Rocky Mountains, and considering the prairie section also (which I apprehend will be found not to be quite so light as some gentlemen appear to suppose), considering all these, and the guarantee to run the railway after it is completed — I ask if the cash subsidy is excessive? On the contrary, is it not an amazingly moderate one? Is it not so moderate that when it comes to be looked at carefully and without partizan feeling, it will astonish the country? Is there an hon. gentleman in this House who, if such a proposal had been laid upon our table three or four years ago, would not have been delighted? I can fancy the delight with which my hon. friend the ex-Secretary of State would have laid such a contract upon our table; the credit he would have taken, and would have justly taken, to his Government for having made so favorable an arrangement; and credit is due to the present Government for having made it. The land subsidy is really of no present value, and that is the fair and the only fair way of looking at it. The land will undoubtedly become of great value, but it will be by the expenditure of capital by this Syndicate. The land can be of no value until railways are constructed through it, and traverse it in more than one direction. It will not be enough to build the Canadian Pacific Railway across the prairies; that will not make the whole of the land valuable. The Company must build branches, to intersect the country largely with railways, to give full value to their lands, and they are to receive no subsidy, either in money or land, towards constructing branch lines. Not only must they construct railways, but they must also organize a comprehensive system of immigration. They must cover the United Kingdom and the countries of Europe with a network of emigration agencies. Their success will depend upon their bringing immigrants in great numbers on to the North-West Territory, and peopling it rapidly. In that direction they must use their best energies — and they are gentlemen of great energy. They are not only energetic, but are possessed of great

resources in capital, in influence, and in their connections in England, in France, and also in Germany, whence so many immigrants come. We have their assurance, and I believe they are sincere, that they will devote their best energies to bringing immigrants to this country; it will be their interest to do so. Unless they get the prairies largely peopled before the eastern section is opened the operating of the railway will be a heavier undertaking than it would be under different circumstances, and they are fully aware of that. I think the Government and the country will derive the greatest advantage from the co-operation and assistance which the Syndicate will render in peopling that country. What they may do to enhance the value of their lands will also enhance the value of the public lands. I am aware that some gentlemen now set a fabulous value on land in the North-West. One hon. gentleman (Mr. Reesor) said that from 5,000 to 8,000 acres per mile would be an ample subsidy. Then the hon. Senator from Hamilton set a very high value on it, and not only did that, but converted it into cash at his own valuation, and treated it practically as a cash payment to the Syndicate. Of course it will be a long time before the Syndicate can get such a price as the hon. gentleman named for their lands. They will have but a comparatively small residue of land when that time comes. Then the ex-Secretary of State placed the cost of the road at an enormous sum; if I understood him aright he spread the expenditure over 20 years, and called it \$158,680,000 and 25,000,000 acres of land.

Hon. Mr. SCOTT — The cost of the road?

The SPEAKER — I understood the hon. gentleman to say it was to cost that.

Hon. Mr. SCOTT — I put the absolute cost of building the road at \$84,000,000; the cost to the Government would depend entirely on what the land is valued at. In our calculation I valued it at \$3 per acre. I made a calculation of what it would cost if the Syndicate elected to build it under Section II — which I will hand to the hon. gentleman if he wishes.

The SPEAKER — The cash subsidy may be paid, as provided for, on the completion of each section of twenty miles of railway, or it may be paid in the form of interest coupons; but no matter in which form, all that will be paid is \$25,000,000, or the equivalent of that sum according to actuarial calculation, in interest coupons. The total subsidies are \$25,000,000 in cash and 25,000,000 acres of land. Then the hon. gentleman from Ottawa (Mr. Scott) spoke of the Government being the bankers of the Syndicate. That is not correct. It may be for the convenience of the Syndicate to borrow under sub-section *d* of the contract considerable amounts of capital when the money market is favorable for their doing so. The Government is willing to take \$25,000,000 at 4 per cent. interest and to hold it until the Company earn it from time to time; but the Government only agree to do that because they see where they can use the money to advantage. The Government will not lose the interest on that sum, or on any part of it; it will be applied to liquidating other obligations which are now bearing interest at 5 and 6 per cent. per annum. Between now and the 1st of January 1885, \$42,000,000 of the obligations of the Dominion will mature.

Hon. Mr. SCOTT — What I contended was that, if it were known that these extraordinary facilities were offered, other contractors would have tendered to do the work for even less.

The SPEAKER — But the hon. gentleman will see that the Syndicate could have deposited the money with the banks.

Hon. Mr. SCOTT — My point is this: that the bonds largely increase in value by the Government paying the interest on those coupons. It is infinitely better security than if the Syndicate were paying the interest.

The SPEAKER — If the payments should not be made in that form, they would be made in cash as each twenty miles section of railway is constructed. The Syndicate would be able to represent this to the capitalists of the world, and the Government of Canada would confirm the statement, so that the credit of the Company would not be affected by this particular mode of payment. Now, hon.

gentlemen, a good deal has been said about land monopoly. I really have no fears upon that head. I believe the Syndicate will understand it to be to their interest to have the lands quickly settled. To do that they must offer them at low prices, and I am prepared to hear of them offering lands at lower prices than any that have been named in this House. I shall not be surprised if they offer large quantities of these lands free to actual settlers. I feel quite certain that they will understand their interest sufficiently to do all in their power to induce settlers to enter upon their lands. One year's traffic of the products of a farm, cultivated by an ordinary family, would yield more to them than the price they may receive for the land at the early sales, and I may say that some of the gentlemen interested in this Syndicate have shown elsewhere — in Minnesota — that they understand this policy. The hon. Senator from Ottawa (Mr. Scott) said that he set a higher value on the land than heretofore, because we were discovering that it is more valuable than we had hitherto supposed. That is true, but only because there is a prospect of the land being opened up by the very means we are now providing. But let us withdraw the prospects of early railways from that country, and what would land there be worth? It would be worth no more than it was fifteen years ago, when it was, of course, altogether unsaleable.

Hon. Mr. SCOTT — I am quite aware of that.

The SPEAKER — But, hon. gentlemen, we are not only discovering that our land is more valuable, but we are also discovering that we have more of it than we formerly supposed. A physical atlas was issued a few days ago by Dr. Hurlburt, a gentleman who ought to be good authority on this question, and who has had access to the very best and most correct sources of information on the subject. He puts the grass bearing area of land in our North-West territory, east of the Rocky Mountains and west of the boundary of Ontario, at 900,000,000 acres. From that, of course, must be deducted the waste lands; but I am assured that the waste lands of that territory bear a smaller proportion to the

whole area than almost of any other country. Now, if this atlas is correct, the subsidy of 25,000,000 acres, that seems to many to be so large, is only one thirty-sixth part of our North-West Territory. The same atlas shows that the cereal bearing lands amount to 600,000,000 acres, of which the quantity to be given to the Syndicate is in area only one twenty-fourth part. This statement will perhaps give an idea of what we are giving to this Syndicate and what we are reserving. I would not be willing to give to a company anything approaching to a controlling interest in our lands in the North-West. I do not think that a thirty-sixth or a twenty-fourth part is objectionable. When you come to twice that quantity, it might be open to question; but, certainly, the quantity we are giving is not open to any objection of that kind. The question of exemption from taxation, duty, etc., has been sufficiently explained by hon. gentlemen who have taken part before me in this debate, and I shall not refer to it further than to say that whatever the money value of these may be is so much saved to the present taxpayers of the Dominion, and I think they are those whose interests we ought chiefly to consider. The only contribution to its cost by the people who will enjoy the benefits to be derived from this railway in future times will be the small amount of taxes which they will be prohibited from collecting upon the property of this Company. As for the taxes upon the lands, my hon. friend the Minister of Inland Revenue showed, the other evening, that in all probability the exemption would have been as valuable or more valuable under the Mackenzie terms than they are under this contract. Why should not those who are to people the North-West contribute in the future towards the cost of this railway? Do not the provinces and the municipalities in the settled portions of Canada contribute largely towards the construction of railways? Was not a bonus granted by this very city a few weeks ago in support of a railway to Toronto — I think the amount was \$200,000? That is an instance of the liberality with which municipalities contribute to railways throughout this country. All the western cities, and many of the rural municipalities, have contributed

in the same way, and very largely in proportion to their means. With respect to the standard I need not say anything. My hon. friend from Montarville (Mr. DeBoucherville) showed that the standard is really a high one. My hon. friend the leader of the Opposition (Mr. Scott) said that he had no apprehension on that score. He is quite right. He understands what is for the interest of the Company; and he takes it for granted that they will do what is for their own interests. The railway, I presume, will be opened as soon as it can be safely run for traffic, but its construction will not then be complete. It will be as with all railways — especially western railways — the construction will go on until the line is made first-class. The next point to come to is a very important one, and one that has naturally interested the country very much: that is the question of monopoly with respect to traffic. Now, hon. gentlemen, instead of this Company having a monopoly, the construction of the Canadian Pacific Railway will render monopoly impossible. It is for the purpose of securing the trade of the North-West to Canada that this railway is being built, and the tariff of rates is to be subject to the approval of the Governor in council. If it were not to be constructed, the United States lines would have a monopoly of our trade. The construction of our railway will prevent this. I repeat that the Canadian Pacific Railway, instead of being a monopoly, as far as traffic is concerned, will really be the means of preventing any monopoly being established. Another fact that has an important bearing upon the monopoly question is that it will be for the interest of the Company to charge the lowest possible rates, because low rates of freight will do more to attract immigrants to their lands than even a low price for land. The price of land — the purchase money — of one or two dollars an acre has only to be paid once, but the transportation of the products of the land will be unending, and if the rates of transport are higher than the rates for similar distances in the United States, a check will be given to settlement, and the success of the Company will be jeopardized. The interests of the Company are so manifestly in favor of charging low

rates of freight that I have no apprehension of their doing otherwise. The Northern Pacific Railway is the natural competitor of the Canadian Pacific Railway, and when the extensions of the Northern Pacific are completed to the Straits of Mackinaw and Detroit, that line will be a formidable competitor. Up to this time it has had, during the summer season, *via* Duluth, almost a monopoly of the rail and water borne traffic. The all-rail traffic throughout the year has necessarily to be taken round by St. Paul and Chicago, and it will continue to be so taken until our through rail line is built. The Sault Branch, when it is built in connection with the Northern Pacific, will also be a competitor, and I have no doubt that line will be built, and built shortly. The Canadian interests concerned in it will see that it is built, perhaps before the all-rail Canadian line. But I cannot understand any Canadian being satisfied to accept the Sault line in lieu of an all-rail line through Canadian territory.

Hon. Mr. SCOTT — If we get that now, we get both in that way.

The SPEAKER — The way to get both is to take the all-rail line now when we have an opportunity of getting it; the Sault connection will come, and probably be open for traffic before the other. But if we have the Sault line first we shall have interests opposed to our national line. I repeat I cannot understand how any Canadian desiring the welfare of the country, the development of its trade and the enrichment of its people can accept the Sault line — the foreign line in lieu of the Canadian line. Hon. gentlemen are, no doubt, aware that the Sault line, or rather the extension of the Northern Pacific Railway, from Duluth towards the Straits of Mackinaw, is not for the purpose of connecting with the Canadian line at the Sault, but to connect with the Michigan railways, and through them reach Detroit. The distance from Winnipeg to Detroit is exactly the same both by Duluth and the Straits of Mackinaw and by St. Paul and Chicago. From this extension of the Northern Pacific a branch will be dropped down to the Sault. Hon. gentlemen will see that it would be in the

interest of that Company to prevent the traffic leaving their main line at the Sault for the Canadian railways, and we know what can be done by railway companies to prevent traffic that they have on their lines from leaving them. They will take from our line all they can get, and in return give as little as they can. The Northern Pacific Company would probably have one rate to Detroit and a higher rate per mile to the Sault junction. Our Sault line will have to compete with the main Northern Pacific line and its extensions, and compete under disadvantageous conditions. Besides, it will have to compete with the water during the summer. If we were to be content with the Sault line a large portion of our traffic would be diverted from the Canadian line, at Winnipeg, to the United States lines, and when it reached the Sault junction we would have to compete and struggle for a share of it to bring back to Canada, and we could at best only succeed in getting back a small share. Yet, some hon. gentlemen are asking that it should be accepted in lieu of an all-rail line through our own country. I may say that I admire the courage of gentlemen who stood before an audience of Montreal manufacturers and merchants to urge them to use their influence to have the Sault branch of the Northern Pacific Railway accepted instead of an all-rail route to the North-West. I admire their courage, but their courage only, in asking the Montreal merchants to forego the advantages — I may say the monopoly of a most promising trade — and to see it diverted from themselves to enrich the merchants, railways and cities of the United States. I believe, hon. gentlemen, that the building of the Canadian all-rail line will secure the North-West trade to Canada. I believe that without that line the trade will be lost to the Dominion. I owe an apology for occupying the time of hon. gentlemen at such length, but the subject is one of such absorbing interest to myself that I may not have proper consideration for others. I have been accused, by some of the press, of inconsistency for not opposing the giving of the contract to this Syndicate. I am not open to the charge of inconsistency in this matter. In 1873 I was opposed to giving our subsidies and our railway

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prevent the line at the ways, and we railway companies they have them. They can get, as they can. Any would Detroit and a Sault junction to complete Pacific line compete under. Besides, it water during to be a large portion diverted from Winnipeg, to the it reached would have to be of it to we could attack a small number of gentlemen are reported in lieu of our own admiring the good before manufacturers to use their strength of the accepted in the North-West, but the Montreal advantages — I must promise — I am not promised from the merchants, United States. the building line will to Canada. the trade I owe an of honor. the subject best to my co-operation been a case of inconsistency giving of te, I am consistency is opposed a railway

to a company that had arranged to give seventeen-twentieths of it to the promoters of the Northern Pacific Railway, who were and are our chief rivals. If I were to support the second Syndicate, sometimes called the political Syndicate, I would be open to the charge of inconsistency, because their ally, their only ally, would be the Northern Pacific Railway, and the natural course of their business would be to transfer the trade of the North-West to that railway during the summer months when the line to Thunder Bay would be open. When once transferred to the Northern Pacific Railway it would belong to Canada. No rival, hostile interest, such as the Northern Pacific was in 1873, is represented in the Syndicate. Their interest will be bound up in the Canadian Pacific Railway, and in keeping the trade of the country within Canada. I shall not say much about the second Syndicate or about their sincerity; if they sent in an offer, believing that they would be awarded the contract, they must be very sanguine men, because their tender could not be considered until after the present Government had been defeated and overturned. That was perfectly manifest. No one knows better than the ex-Secretary of State that if the acts of Ministers, who are the servants of Parliament, are repudiated by Parliament, the Ministers, like other servants, whose acts are disapproved of by their masters, must make way — must resign — so that before the second Syndicate could have obtained the contract the present Government must have been overturned and the gentlemen of the Opposition succeeded to their places.

Hon. Mr. SCOTT — Oh! no, not at all.

The SPEAKER — If the second Syndicate entered into an arrangement with those gentlemen the very first act would be to drop from the contract the western section of the railway, and with it to drop a province from the Dominion. That would have been the inevitable result. The second act would be to drop 650 miles of the eastern section, and with it to drop two-thirds of the trade of the North-West out of the volume of Canadian trade. It is urged against the Syndicate that some of its

members are interested in the St. Paul and Manitoba Railway. I do not see why that should be an objection. During the winter months, until the Canadian Pacific is completed, and during the summer until it is complete to Prince Arthur's Landing, the trade of the west must find an outlet over the St. Paul, Minneapolis and Manitoba Railway, either by way of Glyndon to Duluth, or by way of St. Paul and Chicago. Its existence is, and will be, a great boon to the North-West until the Canadian railway is opened throughout. The interests of railway companies are measured by the number of miles of railway which they own, and the interests of the Syndicate stand thus:—

The distance from Winnipeg to Glyndon, which is the junction of the St. Paul Railway with the Northern Pacific, is	220 miles.
Winnipeg to St. Paul .....	450 "
Winnipeg to Prince Arthur's Landing .....	430 "
Winnipeg to Nipissing (Callander Station) .....	1,080 "

So that when the road is finished to Prince Arthur's Landing the Syndicate's interest will be as 430 is to 220—that is, they will be interested in 430 miles to Prince Arthur's Landing as against 220 miles to Glyndon and 450 to St. Paul. When the eastern section is completed their interest will be as 1,080 is to 220. Between Callander Station and St. Paul their interest will be as between 1,080 and 424.

Hon. Mr. SCOTT — Until the eastern section is built the true way to compare the distance will be from Winnipeg to St. Paul and from Winnipeg to Thunder Bay.

The SPEAKER — I have done that. When the road is opened to Nipissing their interest will be as 1,080 miles are to 220 to Glyndon, in one case, and 424 in the other case to St. Paul. It is gratifying to find that the distance is in favor of the Canadian route, whether you take it by all-rail, or partly rail and partly water. The distance from Winnipeg to Montreal, all-rail, is 1,432 miles; the distance *via* Thunder Bay and the Sault is 1,262.

Hon. Mr. SCOTT — That is the shortest route.

The SPEAKER — Yes—the shortest. So that the Canadian all-rail route will be 218 miles shorter than any other, and the rail and water route is 156 miles shorter than that *via* Duluth. In my opinion the contract is a fair one to both parties. If the Syndicate push their work energetically, if money remains cheap and immigration large, they ought to make a very good thing of it, and if they do Canada will also be benefited. If the Syndicate fulfil their contract, as I believe they will, they will render incalculable benefit to Canada as well as to themselves. The undertaking, so far as the Dominion is concerned, even with this modified money subsidy, is a heavy one, but not so heavy as it would have appeared three years ago, for the credit of the country has improved since then. As evidence of this, I may mention that in 1876 a thirty years' loan was negotiated nominally at 4 per cent., but as this loan netted only 87½ cents in the dollar, the rate of interest instead of being only 4 per cent. is actually 4.79 per cent. The latest quotation of our 4 per cent. securities is 104½ to 105½. I think, therefore, we may fairly assume if we desired to negotiate a loan how we would be able to do it at 102½ — that is 15 per cent. better than the loan of 1876. The premium on a loan at that rate would reduce the rate of interest to 3.86 per cent. Now, the difference to Canada would be as follows:— The loan of 1876 was \$12,166,666, for which we received only \$10,645,833. If it had been negotiated at present rates, we would have received for the \$12,166,666, \$12,407,833, or \$1,825,000 more than we did receive in 1876. The difference in the rate of interest between those two periods is 93-100th of 1 per cent; and that is sufficient if constantly invested at 4 per cent. to pay off the loan in forty-two years. In other words, if you were to invest 93-100th of 1 per cent. on the whole debt of Canada, semi-annually, and keep it regularly in-

vested at 4 per cent., it would pay off the debt in forty-two years. Within three years great improvements have taken place in the condition of the country. We have had two bountiful crops. The price of lumber, a very important staple has increased very much, and so has the demand for it. The industries of the country have revived enormously. The exports of the year exceed the imports for the first time. Hope has taken the place of gloom and despondency, and the country is enjoying a measure of prosperity such as few of us remember to have seen in former years. Now, I am not going to take credit to the present Government for all these benefits; I am not going to ask for credit for the bountiful harvests, or for improvement in the lumber trade; but I will take credit to the present Government for their policy and legislation. It is due to these that so large a proportion of the profits arising from the improved condition of affairs has remained in Canada and inured to the benefit of our people. I believe that firmly and sincerely. I believe if that policy had not been inaugurated, and if our industries had not been protected by legislation, our neighbors would have continued to have made this country what is called a slaughter market—they would have continued to trample our industries under foot—and that to-day we would have been less prosperous and less contented than we were three years ago. If the Pacific Railway is proceeded with, as we firmly believe it will be, I look forward to the country enjoying a still greater increase of prosperity—that in a few years hon. gentlemen who are opposed to-day to ratifying this contract, will admit that they were unwise to oppose it as they have done, and will congratulate themselves and the country that there was a majority in the legislative halls of the Dominion to carry the measure against their wishes and efforts.

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